



Mandatory e-Invoicing System Starting From June 2024

Key Takeaways



E- Invoicing system to be implemented in phases beginning from 2024.

On 25th October 2022, the Malaysian Digital Economy Corporation (MDEC) signed a Memorandum of Understanding (MoU) with the Inland Revenue Board of Malaysia to implement the National e-Invoicing system. This electronic invoicing will first effect B2B transactions and will begin with pilot phase in January 2024 with selected companies.

WHAT IS e-INVOICING?

e-Invoicing is the exchange of electronic invoice documents in digital format between the supplier and the buyer. These documents or data can then be uploaded into the platform managed by IRBM. Thereafter, the data will be extracted and pre-filled into the taxpayer's income tax form.

e-Invoice is NOT an invoice issued in PDF, HTML, JPG or other formats but a digital invoice created by the seller and transferred electronically to the buyer's system.

WHAT ARE THE BENEFITS OF e-INVOICING?

- Greater transparency to the tax authorities and reduce administrative cost to both tax authorities and taxpayers especially during tax audits;
- Improve the tax compliance, more efficient financial and tax reporting;



- Will reduce the burden of record keeping by taxpayers, as taxpayers will no longer need to keep physical copies of their receipts, invoices, and vouchers for seven years as currently required under Section 82A(1) and Section 82A(2) of the Income Tax Act 1967.
- Savings of resources (time and salary costs) as businesses no longer to manually input data or scan invoices into their systems.

IMPLEMENTATION OF e-INVOICING:

YEAR 2023	YEAR 2024	YEAR 2025	YEAR 2026	YEAR 2027
Preparation infrastructure and launched pilot project for selected companies	JUNE 2024	JANUARY 2025	JANUARY 2026	JANUARY 2027
	Execution regularly mandatory for business that achieve value sales threshold RM100 million a year	Execution regularly mandatory for business that achieve value sales threshold RM50 million a year	Execution regularly mandatory for business that achieve value sales threshold RM25 million a year	Execution regularly mandatory for all business
Other company can implement voluntarily	> RM100 Million	> RM50 Million	> RM25 Million	

Voluntary implementation from January 2024 for businesses other than which is categorized as mandatory

Taxpayers are advised to get ready for the imminent implementation of e-Invoice which will affect all businesses, come January 2027. While waiting for further updates from the authorities on the technical and infrastructure requirements of implementing the e-Invoice system, businesses should now evaluate their ability of their current accounting and ERP systems to cater for the e-Invoice system as well as the relevant initiation and authorisation processes of the e-Invoice cycle, as such e-Invoice, in its stream of digital data, is a valid legal document.



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